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Proposed programme budget for the biennium 2004-2005

Revised estimates: effect of changes in rates of exchange and inflation

Twelfth report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Secretary-General[1] containing the revised estimates resulting from the effect of changes in rates of exchange and inflation. During its consideration of the report, the Committee met with representatives of the Secretary-General, who provided additional information.

2. The impact of the proposed recosting on the proposed programme budget for 2004-2005 is an increase of $150,460,600 under the expenditure sections, from $3,017,155,300 (if the recommendations of the Advisory Committee were to be applied) to $3,167,615,900, and a net increase of $15,863,900 under the income sections, from $403,517,400 (if the recommendations of the Advisory Committee were to be applied) to $419,381,300. The revised requirements under the expenditure sections of $3,167,615,900 reflect the combined effect of reductions of $41,048,200, due to adjustments to the initial proposed programme budget recommended by the Committee, and additional requirements resulting from revised exchange rate assumptions ($119,631,900), revised inflation assumptions ($18,992,200) and adjustment of salary standards ($11,836,500).

3. The Advisory Committee points out that the adjustments to the proposed programme budget for the biennium 2004-2005 resulting from its recommendations have yet to be acted upon by the General Assembly.

4. The report provides details on the methodology used in the recosting of exchange rate fluctuations, inflation and adjustment of salary standards (A/58/528, paras. 5-9). As indicated in paragraph 5 of the report, consistent with the views of the Advisory Committee, the recosting exercise reflects such operational rates of exchange as would allow for the lowest estimates.

[1] A/58/528.

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5. **The Advisory Committee finds no technical basis for objecting to the Secretary-General's revised estimates arising from the recosting of the effects of changes in rates of exchange and inflation, and accordingly transmits them to the Fifth Committee for consideration. In this connection, the Committee draws attention to the comments in its first report on the proposed programme budget for the biennium 2004-2005 with regard to the December recosting (A/58/7, paras. 153-157).**